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11. (C) Summary. Halfway through its six-month French EU presidency, it seems fair to say that Paris seized the opportunity for a global leadership role offered by several unexpected crises on its watch, while still making progress on its previously cited goals. Early concerns about the penchant of France's president and entrenched bureaucracy to impose a dictatorial style during their rotating presidency have been assuaged in large part by the effective efforts of the State Secretary Jean-Pierre Jouyet and the MFA bureaucracy to consult broadly within the EU. Likewise, the initial negative reaction of President Sarkozy to the failure of the Irish referendum on the Lisbon Treaty led many to conclude that the mercurial president would further damage ratification prospects. But the French have used gentle diplomatic pressure to maintain progress towards a revised EU ratification timetable. However, other French initiatives on climate change, energy and the Union for the Mediterranean have run into significant difficulties and will still require a major effort for the French to claim success in December. The August crisis in Georgia may well define the overall French presidency, as it offered the EU a leading role in world affairs backed by France's diplomatic clout. President Sarkozy has seized this same role to push for global reform of the international financial system following the recent market crises, with some intimations that he may not willingly pass the baton when the presidency rotates to the Czech Republic on January 1. End summary.

COORDINATION CONCERNS RELIEVED

12. (C) The French government set the bar high for France's assumption of the rotating EU presidency, announcing an ambitious French agenda (refs A and B) featuring an activist leader in President Sarkozy. While other EU members acknowledged that France could rely on its power as one of the "big" EU member states with the personnel and financial resources to succeed, early concerns focused on coordination, both within the bureaucracy at working level (a reported criticism of the French presidency in 2000) and at the top as worries unfolded about the French president's penchant to announce sweeping policy proposals without prior consultations with EU partners. These worries have now largely been assuaged, as Irish diplomat Gerald

Angley recently noted that this French EU presidency is "dramatically different" from its 2000 presidency, adding that the French bureaucracy had clearly drawn important lessons from that earlier, less-positive experience. French officials owe a large share of that credit to the efforts of technocrat State Secretary for European Affairs, Jean-Pierre Jouyet.

¶3. (C) Throughout our discussions with the EU diplomatic community in Paris, the name of State Secretary Jouyet was repeatedly cited as an important key to the French presidency's success. The junior minister has been empowered by FM Kouchner with shepherding the French presidency, and Jouyet is renowned for his exhaustive legwork, personally traveling to almost all of the 27 member-states before the French presidency to build support for its priorities. Angley called Jouyet "crucial at managing French messages" and "very constructive" on the sensitive subject of the Lisbon Treaty. Turkish diplomat Ahmet Aydin Dogan added that Jouyet was equally good at maintaining "normal" EU relations with candidate country Turkey despite President Sarkozy's opposition to Turkish accession.

¶4. (C) Jouyet has been described by press as the diplomatic, pro-European "Dr. Jekyll" of the French EU presidency, in contrast to Sarkozy speechwriter and adviser Henri Guaino, who is the "Mr. Hyde" who tends to focus on national interests at the expense of EU unity. EU contacts cite Guaino's influence as responsible for producing the initial proposal excluding some EU member states from Sarkozy's vaunted "Union for the Mediterranean," the initial vehemence of French opposition to Turkish EU accession, and

PARIS 00001997 002 OF 006

occasional GOF attacks on the European Central Bank and former European trade negotiator Peter Mandelson (ref J). UK diplomat Olivier Evans claims that Jouyet's moderating influence has succeeded in "containing" Guaino when France would otherwise have publicly projected narrow national interests. Jouyet's diplomatic successes can be seen as an indirect coup for Sarkozy, who opened his conservative government to select officials from the opposition Socialist Party, including Jouyet and Kouchner.

CRISIS NUMBER ONE: LISBON TREATY

¶5. (C) Before the French EU presidency had even begun, the June failure of the Irish referendum on the Lisbon Treaty caused a "panic" among French presidency officials who had been focusing on preparations for implementing the treaty on its original deadline of January 1, 2009 (ref I). Sarkozy's initial public statements that the Irish would simply "have to vote again" seemed to confirm the worst fears of a dictatorial French presidency. However, the tide soon turned with Sarkozy's July 21 visit to Dublin, where he was credited with being in a more helpful "listening mode." Angley claims that the French role has been "constructive" since, by dialing back expectations and proceeding at a measured pace. The French presidency has quietly adapted to a revised goal to lock in agreement on an institutional way forward by the end of the year, although this practically assures that the 2009 European Parliament elections and the establishment of a new Commission will have to take place under the formulations of the current Nice treaty (not to mention a need to rotate the "northern" co-presidency of the nascent Union for the Mediterranean, which was to have two-year co-presidencies on each side).

¶6. (C) The GOF has likewise toed a careful line in facilitating the three remaining ratifications, by the Irish, Czechs and Swedes. Angley noted that the "no" factions in Ireland are "watching the French like a hawk" for provocative remarks that could be used to fuel public

opposition (noting gaffes by French FM Kouchner and Finance Minister Lagarde that may have helped the "no" factions even before France took over the EU presidency). Pressure will build on the Irish between the October and December European Councils to come up with a solution, although Angley cautioned that the Irish government will have difficulty promoting the referendum a second time, especially with the Irish economy officially in recession. Angley noted the GOF must pressure Ireland, at least behind the scenes, in part to help "keep the Czechs in line." With Czech authorities, President Sarkozy has repeatedly underscored that they will have no credibility in the EU presidency (which they will assume in January) if they have not yet ratified Lisbon. This strategy appears to have yielded success, as MFA DAS-equivalent for EU Institutional Affairs Julien Steimer said the GOF has received "guarantees" that the Czechs will complete their ratification in 2008, assurances echoed by Czech diplomat Marketa Cermakova. To the relief of many EU diplomats, the GOF has avoided the perception of interference in the pending ratifications while reiterating at each possible opportunity, in a positive tone, the need for the Lisbon Treaty. Most EU diplomats we queried credit France with effectively managing this difficult internal institutional question.

UNION FOR THE MEDITERRANEAN: PROMISING SUMMIT, UNCERTAIN FUTURE

¶7. (C) The July 13 kickoff summit for the Union for the Mediterranean (UPM) marked the first major event of the French presidency and was mostly a public relations success for the Sarkozy initiative (ref C). France pulled off some last-minute diplomatic victories to ensure that nearly all heads of state of the 44 possible members were present. The diplomatic business conducted during the summit may have been short on substance, but the positive public images, which included Israeli Prime Minister Olmert and Syrian President Asad in public together for the first time, reinforced the impression that the EU and France were ready to be key players in the larger Mediterranean as well as the Middle East. The positive optics were perhaps even more meaningful given the intra-EU squabbling preceding the summit over the form and nature of the fledgling organization (ref H). While the PR was positive for the French, substantively the Union for the Mediterranean is now officially linked to the existing institutions of the moribund Euromed/Barcelona

PARIS 00001997 003 OF 006

Process that Sarkozy had wished to transcend. Moreover, many of the most difficult decisions (including the site of the headquarters) were postponed for subsequent expert-level meetings, which, as noted below, have not gone well.

¶8. (C) The success of the UPM venture remains to be seen in the establishment of its institutions and concrete projects. The July summit created a "Joint Permanent Committee" to work in Brussels on the remaining political and organizational issues, which has foundered over predictable Israeli-Arab points of contention (most notably over Arab League participation). An early November meeting of foreign ministers in Marseille is planned to resolve them; however, recent reports (which Embassy will provide in more detail septel) are that negotiations on the substance are not going smoothly. In the end, the highly publicized Union for the Mediterranean risks being stuck in the same kind of bureaucratic stalemate that characterized the EU's relations with its southern neighbors in the first iteration of the Barcelona Process.

GEORGIA: THE FIRST EXTERNAL CRISIS

¶9. (C) When Russia invaded Georgia in early August, President Sarkozy leapt into a leadership role as EU mediator, conducting shuttle diplomacy and obtaining agreement to several ceasefire documents. Two months later, there is broad consensus that the French presidency's vigorous response was generally successful, and that the EU's united front during the Georgia crisis marked a success for EU Common Foreign and Security Policy (CFSP). The MFA's German exchange diplomat, Irmgard Maria Fellner (please protect), who is assigned to FM Kouchner's cabinet, said the crisis benefited the EU, which took advantage of the opportunity to reunify the Union around the Georgia crisis following the disappointment and confusion produced by the Irish referendum. Many of our interlocutors emphasized the fortuitous elements that lent credence to EU (and French) leadership during the Georgia crisis, including Sarkozy's strong personality and personal engagement as well as France's relative size and clout in the international community. Evans concurred that the EU was able to step quickly into an international leadership role only because a large country like France could have managed the significant diplomatic effort that hastened an end to hostilities and produced a short-term diplomatic success.

¶10. (C) Following President Sarkozy's diplomatic efforts, the EU bureaucracy also claimed a big success with the rapid mobilization of the EU monitoring mission (EUMM). EUMM had no shortage of contributors and, despite some internal carping, it easily exceeded its required size of 200 observers (in contrast with other EU missions like EUFOR/Chad). These early successes were followed by a less effective organization of the October 15 launch of international discussions on Georgia in Geneva. Convened by French diplomat Pierre Morel under the auspices of Brussels as the newly-appointed EU Special Representative for Georgia, the Geneva talks quickly became bogged down in questions of language and participation. However, the Georgia Donors' Conference on October 22 was successful beyond expectations. EU-Russia relations will take center stage as the long-scheduled November 13 EU-Russia summit approaches. The French MFA is reportedly yielding to pressure from German Chancellor Merkel and Italian Prime Minister Berlusconi to resume more "normal" relations with Russia (i.e., "business as usual"), including resumption of negotiations for the EU-Russia partnership agreement. (Note: Evans noted that diplomatic advisor Jean-David Levitte and the Elysee are willing to be more firm than FM Kouchner and the MFA on this issue, which may affect the preparations of the upcoming summit.) The French management of the Georgia crisis generally showed the strengths and weaknesses of the European Union, both in terms of what it can accomplish under a more powerful leader like Sarkozy as well as its weakness when this power is tempered by the institutional need for consensus decision-making.

FINANCE: (STILL) THE CRISE DU JOUR

¶11. (C) Our UK and Irish contacts noted that the financial crisis in some ways has validated the general French preference for more market regulation, including financial sector reform. President Sarkozy has made no secret of his preference for a more activist government role in the economy and has seized the opportunities presented to

PARIS 00001997 004 OF 006

try to re-shape the international financial system. At the same time, the French have shown great flexibility. When European members of the G-7 failed to agree to President Sarkozy's proposal for a European bank guarantee fund, he quickly changed tack and rallied Eurozone consensus around a new approach, based on the UK bank rescue plan. He then parlayed this into an EU consensus that included a mandate for an international summit to reform the international

economic architecture. Subsequently, headlines in France trumpeted Sarkozy's success in convincing Washington to host a "Bretton Woods" type conference in November. Evans commented that, even though Sarkozy may be leading the way, any resulting reforms would not necessarily accrue to benefit of the EU or French EU presidency, due to the global nature of the financial crisis and the many actors involved.

SUCCESS ON IMMIGRATION PACT

¶12. (C) Although headlines have been dominated by unexpected events to which the EU has had to respond, the French presidency has continued efforts on its original priorities. The EU immigration pact was the most successful, receiving rapid approval at the October Council. All our interlocutors described the negotiation process as smooth, with Evans adding that the effort underscores how effective the technique of engaging partners bilaterally can be in producing agreement at 27. A more general observation would be that France chose well in selecting immigration as a priority, since so much political will already existed among the 27 members that the French merely needed to channel it effectively into a common agreement.

ENERGY AND ENVIRONMENT POSE THE GREATEST CHALLENGES

¶13. (C) Energy and environment are the most politically difficult and complex of the four priorities and the ones with the greatest hurdles remaining on the road to success. The EU agreed to common goals in March 2007, but implementation is complex due to the many interrelated concerns of energy security, climate, competitiveness, and other factors. Angley observed that no one in the period leading up to the French presidency realized how politically difficult the implementation decisions would be -- a feat rendered more difficult due to the current global economic crisis. Steimer said the GOF realizes that agreement can be reached only by staying close to the Commission's original recommended "package," so the GOF is seeking agreement now on basic principles to allow the Commission to begin negotiations with the European Parliament, which must ratify the plan in early 2009. However, even this basic agreement is proving difficult, as countries like Germany, Italy and Poland threaten to "fall out of line" because of costs to their national industries. Our British contact speculated that the "20-20-20" goals (20 percent reduction in greenhouse gas emission, 20 percent share of renewable energy in energy consumption, and 20 percent improvement in energy efficiency by 2020) could unravel at the expense of such national interests. However, others commended French Minister of Ecology, Energy, and Sustainable Development Borloo's political leadership and "fair, efficient" dealings with the European Parliament. All parties agreed that this issue is a "must-solve" for the French EU presidency, but that the various EU national leaders will find it difficult to maintain political courage for difficult cuts. Turning towards energy security, the French EU Presidency's diplomatic efforts at forging a "triangular" relationship among the EU, Russia, and Central Asia were appreciated given the EU's need for geographical diversification of energy sources and supply routes. France is equally addressing security-of-supply concerns for transit countries, notably Turkey.

MODERATE SUCCESS ON ESDP

¶14. (C) The French presidency's ESDP goals have met with some success, notably at the informal defense ministerial in Deauville, France, earlier this month (ref F). Defense ministers have agreed on various initiatives of modest scope to improve European capacities, and Evans reported that

a planning cell agreement will be reached by December. The GOF has also succeeded in establishing European operations in parts of the world where many individual member-states would not typically be engaged, with the ongoing effort to establish a formal ESDP mission

PARIS 00001997 005 OF 006

to counter piracy in the Horn of Africa as one example. EUFOR in Chad has likewise been a success story for ESDP despite difficulty mustering sufficient national contributions (ref G). Officially neutral Ireland has one of its largest overseas deployments ever in EUFOR, demonstrating that at least one member-state is investing in its capabilities in the service of ESDP and suggesting that the long-term French goal of changing mindsets may be taking hold. For the French, ESDP progress during the presidency is a necessary condition for possible French reintegration into the NATO military command next year.

CHALLENGES REMAIN ON AGRICULTURE

¶15. (C) Regarding the Common Agricultural Policy (CAP), our contacts generally reported that progress on the "health check" is in difficulty, with some, such as German diplomat Fellner, calling it a "disaster" while others remain hopeful for eventual modest success. It is clear that the French presidency has thus far not achieved as much as previously hoped on early preparations for the scheduled 2013 CAP reform. The French had hoped to enshrine some basic principles, like food security, towards their national goal of preserving as much of the current CAP as possible in 2013. However, Evans advised that the French presidency "got its hand slapped" by the European Commission and that the look-ahead effort may be dealt with only at the November Agricultural Council, not the December European Council, which would be a sign the French goal is "going nowhere." The French have scheduled a late November EU ministerial focused nominally on the CAP and developing countries, which will also represent a last opportunity for progress on the "health check." Evans said that the UK views this meeting skeptically, as another example of the French presidency's activist tendencies. On the other hand, Steimer said that, more broadly, the global food security crisis that arose in 2008 validated French agricultural objectives, although this has not yet produced any consensus-based results. Efforts to enshrine "societal preferences" into the EU international trade policy regime have, likewise, been met with ambivalence. The French Ag Minister's proposals to tighten inspection of imports are likely to be accepted, though, particularly in light of the Chinese food safety scandal.

BEYOND THE FRENCH PRESIDENCY

¶16. (C) Marketa Cermakova of the Czech Embassy told us her government's cooperation with the GOF has been smooth, noting that the most intense period was before the French presidency had begun and the "trio" presidency was still in preparation by the French, Czechs and Swedes. But a reported push within some European circles for France to maintain the presidency of the Eurogroup (convened to deal with the current financial crisis) led to a rare public critical response by the Czech Deputy Prime Minister and an active discussion among EU diplomats as to whether President Sarkozy will be able to relinquish the EU throne. Finnish DCM in Paris Merja Lindroos-Binham remarked that, given personality of the French President, this is an issue that the Czechs "will have to manage with tact." In the limited context of the Union for the Mediterranean, French diplomats are fretting that the smaller and, in their eyes, less versatile Czech diplomatic service not known for its focus on the Mediterranean will falter in

the face of the challenge of making the troubled Union viable. One key French official in the effort suggested discussions were under way so that France could continue as co-president for the northern Mediterranean (i.e., the EU) beyond January. (Note: the same diplomat expressed no joy that the presidency country after the Czech Republic was Sweden, which had a more capable diplomatic service but no more affinity or geographical contiguity with the Mediterranean than the Czechs have.)

ASSESSMENT: SARKOZY'S PERSONALITY IS KEY

¶17. (C) President Sarkozy's dynamic personal style has defined the GOF's reactions to the crises that have arisen during its presidency. Sarkozy's quick, decisive responses are in character with traditional conceptions of a French presidency, yet he has surprised some with his readiness to personally engage, such as in his "shuttle diplomacy" response to the Georgia crisis in which he committed the EU as a security guarantor and to the fast deployment of an EU

PARIS 00001997 006 OF 006

monitoring mission, which was unprecedented. Those gambles paid off in the short-term resolution of the Georgia crisis. Sarkozy's personality is often described as mercurial, and his angry initial response to the failed Lisbon Treaty referendum seemed to imply that his bad temper would outweigh his political savvy. Evans provided a more nuanced view, however, suggesting that political savvy prevailed and that Sarkozy's outburst was calculated to pressure the Irish before his visit, during which he took a more reserved approach that was well received. Since then, Sarkozy has avoided any perceived gaffes to detract from the EU statesman role he has generally been able to project and which is believed to have contributed to his rising domestic popularity ratings. Our contacts in the office of the presidency concur (ref E) in positively assessing the French EU presidency's progress thus far.

COMMENT

¶18. (C) Paris has responded vigorously to the major challenges it has had to confront, from the failed Irish referendum on the Lisbon Treaty to the current economic crisis. Moreover, the French have used all of the crises that have erupted during their presidency to focus on the future of the EU, using each crisis to reinforce the need for the Lisbon Treaty's stronger EU institutions. Despite the current focus on crisis management, the bureaucracy has also continued to produce initial results on most of the initial French priorities. As the December timeline draws near, pressure will build on the French presidency to deliver on its remaining goals, with the issues of energy and climate change, agricultural reform, and creating a viable Mediterranean Union proving to be the thorniest tasks ahead. With the widespread perception that U.S. international leadership will slow in coming months due to the transition between administrations, President Sarkozy may see a window of opportunity to yield to his activist tendencies and exercise the sort of international "entrepreneurship" in Europe that he has demonstrated in the Middle East and in response to the financial crisis. Recent French proposals for an OSCE summit in late 2009 and for an Afghan neighbors' meeting are examples of ideas that have sprung forth suddenly, with little to no prior coordination with interested countries. Nonetheless, the French presidency has generally been a constructive, open partner to the U.S. thus far, and the recent Gymnich exercise on transatlantic relations (ref D) underscores the EU's commitment to working with the next U.S. administration on common international priorities. As for the overall success of this French EU presidency, we concur with Steimer in cautioning against

overweighing mid-term conclusions. Further crises could still intervene to make today's best evaluations premature.

STAPLETON